

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 130 Section 130.2500 Direct Payment Program</b>
--

**TITLE 86: REVENUE**

**PART 130  
RETAILERS' OCCUPATION TAX**

**SUBPART T: DIRECT PAYMENT PROGRAM**

**Section 130.2500 Direct Payment Program**

- a) Effective July 1, 2001, a Direct Payment Program is established. Applicants who have been approved to participate in the Direct Payment Program will be issued a Direct Pay Permit (permit) by the Department, which participants may provide to retailers. Use of the permit relieves the permit holder from paying Use Tax (including any local occupation tax reimbursements of taxes administered by the Department) to the retailer at the time of purchase of qualifying tangible personal property. By using the permit, the permit holder voluntarily agrees to assume the liabilities of the retailer to report and remit Retailers' Occupation Tax (including any local occupation taxes administered by the Department) directly to the Department as set forth in 130.2510(d) of this Part on those sales.
- b) Beginning July 1, 2001, retailers who are provided with a permit from a permit holder purchasing qualifying tangible personal property are relieved of their obligation to remit the Retailers' Occupation Tax (including any local occupation taxes administered by the Department) incurred on the sale of that qualifying tangible personal property. Retailers who are presented with permits are also relieved of the obligation to collect Use Tax (including any local occupation tax reimbursements of taxes administered by the Department) from the permit holder. Retailers who make sales to permit holders who present their permits must report those sales on their sales and use tax return (Form ST-1). The retailer must show these transactions as exempt sales on Line 16 (Other) of his Form ST-1 Worksheet for Line 2. The exemption must be identified as "direct pay".
- c) Proper use of Direct Pay Permit
  - 1) In order to be relieved of his obligation to pay tax at the time of purchase of qualifying tangible personal property, the permit holder must provide the retailer with a copy of the permit, unless the retailer already has a copy of that permit on file.
  - 2) Once the permit holder uses his permit to be relieved of paying tax to a particular retailer, he must use that permit for all of his purchases of qualifying tangible personal property from that retailer as long as the permit is valid.

- d) Retailers' Discount. Permit holders who make purchases of qualifying tangible personal property and use their permits with retailers who either incur Retailers' Occupation Tax on those sales, or are required to collect Illinois Use Tax on those sales, may take the 1.75% retailers' discount attributable to those sales. Retailers who are presented a Direct Pay Permit on purchases of qualifying tangible personal property are not allowed the 1.75% retailers' discount on those sales.

(Source: Added at 26 Ill. Reg. 5946, effective April 15, 2002)